

**TECHNICAL REVIEW DOCUMENT
for
MODIFICATION TO OPERATING PERMIT 96OPBO131**

Public Service Company of Colorado – Valmont Station
Boulder County
Source ID 0130001

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September 2012
Revised November 2012

I. Purpose:

This document establishes the decisions made regarding the requested modification to the Operating Permit for Public Service Company of Colorado's Valmont Station. This document provides information describing the type of modification and the changes made to the permit as requested by the source and the changes made due to the Division's analysis. This document is designed for reference during review of the proposed permit by EPA and for future reference by the Division to aid in any additional permit modifications at this facility. The conclusions made in this report are based on the information provided in the requests for modification submitted to the Division on June 19, 2012 and October 30, 2012, e-mail correspondence and telephone conversations with the source. This narrative is intended only as an adjunct for the reviewer and has no legal standing.

Any revisions made to the underlying construction permits associated with this facility made in conjunction with the processing of this operating permit application have been reviewed in accordance with the requirements of Regulation No. 3, Part B, Construction Permits, and have been found to meet all applicable substantive and procedural requirements. This operating permit incorporates and shall be considered to be a combined construction/operating permit for any such revision, and the permittee shall be allowed to operate under the revised conditions upon issuance of this operating permit without applying for a revision to this permit or for an additional or revised construction permit.

II. Description of Permit Modification Request/Modification Type

The Operating Permit for Valmont Station was issued on September 1, 2001 and was renewed on March 1, 2010. Public Service Company of Colorado (PSCo) submitted a request to modify the permit on June 19, 2012 to include the requirements in Colorado Regulation No. 6, Part B, Section VIII for low emitters (LE) in the Valmont Station permit. As required by Colorado Regulation No. 6, Part B, Section VIII.D.2 applications to include the LE requirements must be submitted by July 1, 2012.

Colorado Regulation No. 3, Part C, Section X.A identifies those modifications that can

be processed under the minor permit modification procedures. Since the changes requested in this modification do not violate any applicable requirements, do not involve significant changes to existing monitoring, reporting or record keeping requirements, does not require or change a case-by-case emissions limitation, is based on underlying applicable requirements and is not otherwise required to be processed as a significant modification (e.g., does not increase emissions) this modification is being processed as a minor modification.

On October 30, 2012, PSCo submitted a request to cancel the APEN for the old auxiliary boiler, since it has been removed from service. The Division considers that removal of equipment from the Title V permit can be processed as an administrative amendment.

III. Modeling

No physical changes to any emissions units were made with this modification, nor does this modification result in an increase in emissions, therefore, modeling is not required for this modification.

IV. Discussion of Modifications Made

Source Requested Modifications

The Division addressed the source's requested modifications as follows:

June 19, 2012 Modification Application

Section II.1

The LE requirements were included in Condition 1.14 of this permit. Note that although Section II.2 also addresses Unit 5 when burning natural gas only, the LE requirements were not included in the permit for the natural gas burning scenario since the Reg 6, Part B requirements only apply to coal-fired units.

October 30, 2012 APEN Cancellation Request

Section I – General Activities and Summary

- The description in Condition 1.1 was revised to address the removal of the old auxiliary boiler.
- The old auxiliary boiler was removed from the table in Condition 6.1 and the start-up date for the new auxiliary boiler was revised.

Section II.7 – B002, Auxiliary Boiler, 25 MMBtu/hr

- This section addresses the old auxiliary boiler that was removed from service in

October 2012 and the requirements in this section were removed. The conditions related to the emergency fire pump (addressed in Section II.22) were moved to this section.

Section II.21 – B003, Auxiliary Boiler, 12.60 MMBtu/hr

- Condition 21.10 (commence construction) was removed, since construction has commenced.

Note that Condition 21.11 (start-up notice) remains in the permit. According to PSCo, although it was expected that this unit would start-up in September 2012, startup has been delayed until November 2012 and as a result, the startup notice has not been submitted.

- Since the APEN cancellation has been submitted for the old auxiliary boiler, Condition 21.12 (submit APEN cancellation for B002) has been removed from the permit.

Section II.22 – Emergency Fire Pump Engine

- The provisions in this section were moved to Section II.7 and conditions were renumbered to address the move.

Appendices

- The old auxiliary boiler (B002) has been removed from the table in Appendices B and C.

Other Modifications

In addition to the requested modifications made by the source, the Division used this opportunity to include changes to make the permit more consistent with recently issued permits, include comments made by EPA on other Operating Permits, as well as correct errors or omissions identified during inspections and/or discrepancies identified during review of this modification.

The Division has made the following revisions, based on recent internal permit processing decisions and EPA comments on other permits, to the Valmont Station Operating Permit with the source's requested modifications. These changes are as follows:

Regional Haze Requirements

The Regional Haze Requirements are included in Colorado Regulation No. 3, Part F and are part of Colorado's Regional Haze State Implementation Plan (SIP). EPA approved Colorado's Regional Haze SIP on September 11, 2012, although the notice has not yet been published in the Federal Register. The Regional Haze requirements

that apply to Valmont Station include lower SO₂ emission limitations from the Metro Units and shutdown of Unit 5 by December 31, 2017.

The incorporation of the Regional Haze Requirements do not violate any applicable requirements, do not involve significant changes to existing monitoring, reporting or record keeping requirements, does not require or change a case-by-case emissions limitation, is based on underlying applicable requirements and is not otherwise required to be processed as a significant modification (e.g., does not increase emissions), which are all requirements for processing a modification as a minor modification (per Regulation No. 3, Part C, Section X.A). In addition, the Regional Haze Requirements underwent a public comment period prior to adoption of the requirements in Colorado Regulation No. 3, Part F and the Division is including those requirements in Colorado Regulation No. 3, Part F. Therefore, the Division considers that the Regional Haze Requirements can be incorporated into the permit with PSCo's June 19, 2012 minor modification request.

The Regional Haze requirements were included in Section II, Condition 1.15 and Section II, Condition 2.11.

Section I - General Activities and Summary

- Condition 1.4 was revised to remove Section IV, Condition 3.d as a state-only requirement, since EPA approved these provisions into Colorado's SIP effective October 6, 2008.

Section II.18 – Voluntary Emissions Reduction Agreement

- Removed the note in this condition indicating that the provisions in the Agreement are state-only enforceable until EPA approves the BART portion of Colorado's Regional Haze SIP. The Voluntary Emissions Reduction Agreement was not part of the Regional Haze SIP approved by EPA on September 11, 2012.

Section II.21 – Auxiliary Boiler

- Added a note to Condition 21.9 indicating that the source is subject to the most recent version of these requirements (40 CFR Part 63 Subpart DDDDD) and made other minor format changes..
- Added notes under Conditions 21.9.2 and 21.9.12 indicating that EPA issued a "No Action Assurance" letter on February 7, 2012 and is using enforcement discretion for submitting initial notifications by the deadline until the effective date of a final rule addressing the proposed reconsideration of the requirements in 40 CFR Part 63 Subpart DDDDD.
- The requirements in 40 CFR Part 63 Subpart DDDDD § 63.7545(c) (due date for initial notification) were added to Condition 21.9.

Section II.22 – Emergency Fire Pump Engine

- Added notes to Condition 22.3 to indicate that the source is subject to the most recent version of these requirements (40 CFR Part 63 Subpart ZZZZ) and that proposed revisions were made to the requirements.
- Corrected an incorrect permit condition reference in Condition 22.3.10.3 and made other minor format changes to Condition 22.3
- The requirements in 40 CFR Part 63 Subpart ZZZZ §§ 63.6660 and 63.6665 were added to Condition 22.3.
- The MACT general provisions were removed as they have been included in “new” Condition 22.3.14.

Section III – Permit Shield

- Revised the table in Section III.1 to indicate that the permit shield for the requirements in Reg 6, Part B, Section II and 40 CFR Part 60 Subparts D, Da, Db and Dc only apply to Unit 5 (B001). Since the existing auxiliary boiler (B002) will be removed in the near future it was not included in the table.

Section V – General Conditions

- Revised the version date.
- The paragraph in Condition 3.d indicating that the requirements are state-only has been removed, since EPA approved these provisions into Colorado’s SIP effective October 6, 2008.